



APPENDIX 9-102.Q WATER SERVICES AGREEMENT



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Out of District Water Service Agreement

This Out of district Water Service Agreement ("Agreement") is made this 10th Day of April, 2017 between URSA Operating Company, LLC ("URSA") and the Battlement Mesa Metropolitan District ("BMMD").

URSA is an exploration and production company that develops natural gas resources in Colorado.

BMMD is a Special District organized under Title 32 of the Colorado Revised statutes and provides water and sewer services to residents of Battlement Mesa Public Utilities District (PUD) lying within BMMD's service area;

Pursuant to Section 32-1-1001(1)(k), C.R.S. and Section 5.2 of its Rules and Regulations, BMMD has the power to furnish services and facilities outside of its service area;

URSA is presently developing the natural resources on those drill pads located outside of the BMMD's service area known as the BMC A & L Pads & BMC F Water Treatment Facility. The location of the BMC A & L Pads and BMC F Water Facility are depicted within Exhibit A and attached hereto and incorporated herein by this reference; and

At the present time, no water service is provided to the BMC A & L Pad & BMC F Water Facility. URSA desires to obtain a temporary water supply from the BMMD for URSA's use at the BMC A & L Pad & BMC F Water Facility and BMMD wishes to provide water to URSA pursuant to the terms set forth below.

AGREEMENTS

NOW, THEREFORE, for and in the consideration of the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

1. Term. This Out of District Water Service Agreement shall have a base term beginning on the date of execution of this Agreement and extending through December 31, 2018.

2. Design and Construction of Extension of BMMD Facilities.

A. URSA shall hire contractor(s) for the design and construction of the pipe line and other facilities necessary to extend water service from BMMD facilities to the BMC A & L Pads & BMC F Water Facility. URSA shall be solely responsible for all work performed by contractor(s) for the design and construction of pipeline and other facilities. Such facilities shall not be buried.

B. URSA shall at its sole cost acquire such easements or rights of way as BMMD deems necessary and appropriate to extend Facilities from BMMD's water system to URSA pipelines serving the BMC A & L Pads & BMC F Water Facility.

C. All water delivered pursuant to this Agreement shall be metered at the point of delivery to the URSA pipe lines.

D. Upon termination of this Agreement the Facilities shall be promptly disconnected, removed and disposed by URSA in a commercially reasonable manner.

3. Costs for Extension of BMMD Facilities. URSA shall be responsible for all costs associated with any extension of BMMD facilities.

4. Water Quality. The water to be delivered pursuant to this Agreement is to be used for non-potable uses only, and BMMD makes no warranties or representations (express, implied or raised by operation of law) with regard to the quality of water delivered. URSA shall institute such measures and safeguards as are necessary to ensure that no water is consumed by persons or otherwise used in a manner representing a danger to persons or property, and shall indemnify and hold BMMD harmless from any incident, liability, loss, claim, damage or expense, in whatsoever nature or form, including, but not limited to, attorneys', paralegals', and legal assistants' fees, costs and expenses, whether suit is brought or not, and regardless of whether incurred in any declaratory or injunctive action, in any trial or appeal, or any other action, which may arise out of or be based upon any use of the water provided hereunder.

5. Rights of Use.

A. All water furnished by BMMD hereunder is to be used solely for drilling operations and dust control at the BMC A & L Pads & BMC F Water Facility and is provided on a leasehold basis only. Such right to use water does not include any right to make a succession of uses of such water and, except as provided in Section 5.B., below, upon completion of the primary use all domain over the water so leased reverts completely to BMMD. Except as herein specifically otherwise provided, all property rights to the water to be furnished by BMMD hereunder are reserved in BMMD.

B. The Parties acknowledge and agree that the water used by URSA for drilling operations ("Drilling Water") shall be used in such a manner as to be fully contained for proper disposal upon cessation of such use, in accordance with any and all applicable federal, state and local laws, rules, regulations, resolutions and directives ("Laws"). URSA shall institute such measures and safeguards as are necessary to ensure that no Drilling Water is discharged or otherwise disposed of in a manner in violation of any Laws, and shall indemnify and hold BMMD harmless for any incident, liability, loss, claim, damage, or expense, in whatsoever nature or form, including, but not limited to, attorneys', paralegals' and legal assistants' fees, costs and expenses, whether suit is

brought or not, and regardless of whether incurred in any declaratory or injunctive action, in any trial or appeal, or in any other action, which may arise out of or be based upon any violation of any Laws.

6. Suspension of Water Service: BMMD at its sole discretion may suspend water service to URSA at anytime due to inadequate water capacity or water pressures in the system or emergency and fire.

7. Payment for Delivery of Water. Upon completion of water service lines, the BMMD shall deliver water to URSA at the BMC A & L Pads & BMC F Water Facility URSA shall pay the BMMD \$9.00 for each one thousand gallons of water delivered to the BMC A & L Pad & BMC F Well Facility and, pursuant to Section 32-1-1001(1)(j), until paid shall be a perpetual lien upon the BMC A & L Pads & BMC F Water Facility which may be foreclosed in the manner provided by law.

8. Miscellaneous

A. Termination. This Agreement shall be in full force and effect until terminated by mutual agreement by parties hereto, upon its expiration as provided in paragraph 1 above, or upon written notification received by the BMMD from URSA that URSA wishes to terminate such water service or as otherwise provided by law.

B. Compliance with State and Federal Law. This Agreement shall not be construed to be in violation with the laws of the United States or the state of Colorado, nor in any manner that adversely affects or diminishes the financing capabilities of the District.

C. Enforcement: Specific Performance. In the event of any material failure by either party hereto to comply with the terms of the Agreement, the other party shall have standing to bring suit to enforce compliance herewith. Furthermore, in the event of a breach of this Agreement, the non-breaching party may seek all remedies available at law or equity, including specific performance.

D. Assignment. This Agreement may not be assigned or sub-let by URSA in whole or in part without the prior written consent of BMMD. Any attempt to assign this Agreement or parts hereof in the absence of such written consent shall be null and void *ab initio*.

E. Counterpart/Facsimile Signatures. This Agreement may be executed in one or more counterparts, all of which shall constitute a single agreement and each of which shall be an original for all purposes. It is agreed and understood that the signatures of the parties on a copy hereof transmitted by facsimile shall be sufficient as if an original signature.

F. Attorney's Fees. URSA shall bear each party's attorneys fees incurred in the negotiation, execution, and implementation of this Agreement. However, in the event litigation is necessary to enforce the rights of the parties to this Agreement, as between themselves, the prevailing party in such litigation shall be entitled to attorneys', paralegals', and legal assistants' fees, costs and expenses incurred in any declaratory or injunctive action or in any trial or appeal.

G. Complete Agreement, Amendment. This Agreement constitutes the entire and complete agreement between the parties, and any modification or amendment hereto shall be evidenced by a writing signed by the parties.

H. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties, their successors, grantees, and assigns.

I. Authority. Each person executing this Agreement represents and warrants that he has been duly authorized by the party which he purports to represent to execute this Agreement, and has authority to bind said party to the terms and conditions of this Agreement.

J. Governing Law. This Agreement shall be construed under the laws of the State of Colorado. Any action to enforce this Agreement shall be brought in the Garfield County District Court, State of Colorado.

K. No Waiver. No provision of this Agreement may be waived except by an agreement in writing signed by the waiving party. A waiver of any term or provision shall not be construed as waiver of any other term or provision.

L. Headings. The paragraph headings in this Agreement shall not be used in the construction of or interpretation hereof, as they have no substantive effect, and are for convenience only.

M. Severability. If any part or section of this Agreement shall be found void or invalid by a court of competent jurisdiction, such finding shall not affect any remaining part or section, and said remaining parts or sections shall continue in full force and effect. The parties shall renegotiate in good faith any matter addressed by a part or section that is found void or invalid.

N. Notices. All notices required under this Agreement shall be in writing and shall be hand delivered or sent by registered or certified mail, return receipt requested, postage prepaid, to the addresses of the parties herein set forth. All notices so given shall be considered effective seventy-two (72) hours after deposit postage paid in the United States Mail with proper address as set forth below. Either party by notice so given may change the address to which future notices shall be sent.

Notice to: Steve Rippy, Manager
Battlement Mesa Metropolitan District
401 Arroyo Drive
Battlement Mesa, CO 81636

With copy to: Mathew R. Dalton, *Esq.*
Spencer Fane & Grimshaw, LLP
1700 Lincoln Street, Suite 3800
Denver, CO 80203

Notice to: Ursa Operating Company, LLC
ATTN: John Doose
792 Buckhorn Drive
Rifle, CO 81650

With copy to: Ursa Operating Company, LLC
ATTN: Jarred McGhee
1050 17th Street, Suite 2400
Denver, CO 80202

O. No Waiver of Governmental Immunity. BMMD, its directors, officials, officers, agents and employees are relying upon and do not waive or abrogate, or intend to waive or abrogate by any provision of this Agreement the monetary limitations or any rights immunities or protections afforded by the Colorado Governmental Immunity Act, Section 24-10-101 et seq., C.R.S., as the same may be amended from time to time.

P. No Personal Liability. No elected official, director, officer, agent or employee of the Company shall be charged personally or held contractually liable by or to the Contractor under any term or provision of this Agreement, or because of any breach thereof or because of its or their execution, approval or attempted execution of this Agreement.

Q. No Other Rights Granted. The rights created, reserved, granted, and established in this Agreement do not, are not limited to, and shall not be construed to create any rights, or privileges in and for the benefit of any person or entity other than the parties hereto.

R. Appropriation by Board of Directors. All obligations of BMMD under and pursuant to this Agreement are subject to prior appropriations of monies expressly made by BMMD's Board of Directors for the purposes of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement in multiple originals on the dates herein below set forth.

Ursa Operating Company, LLC

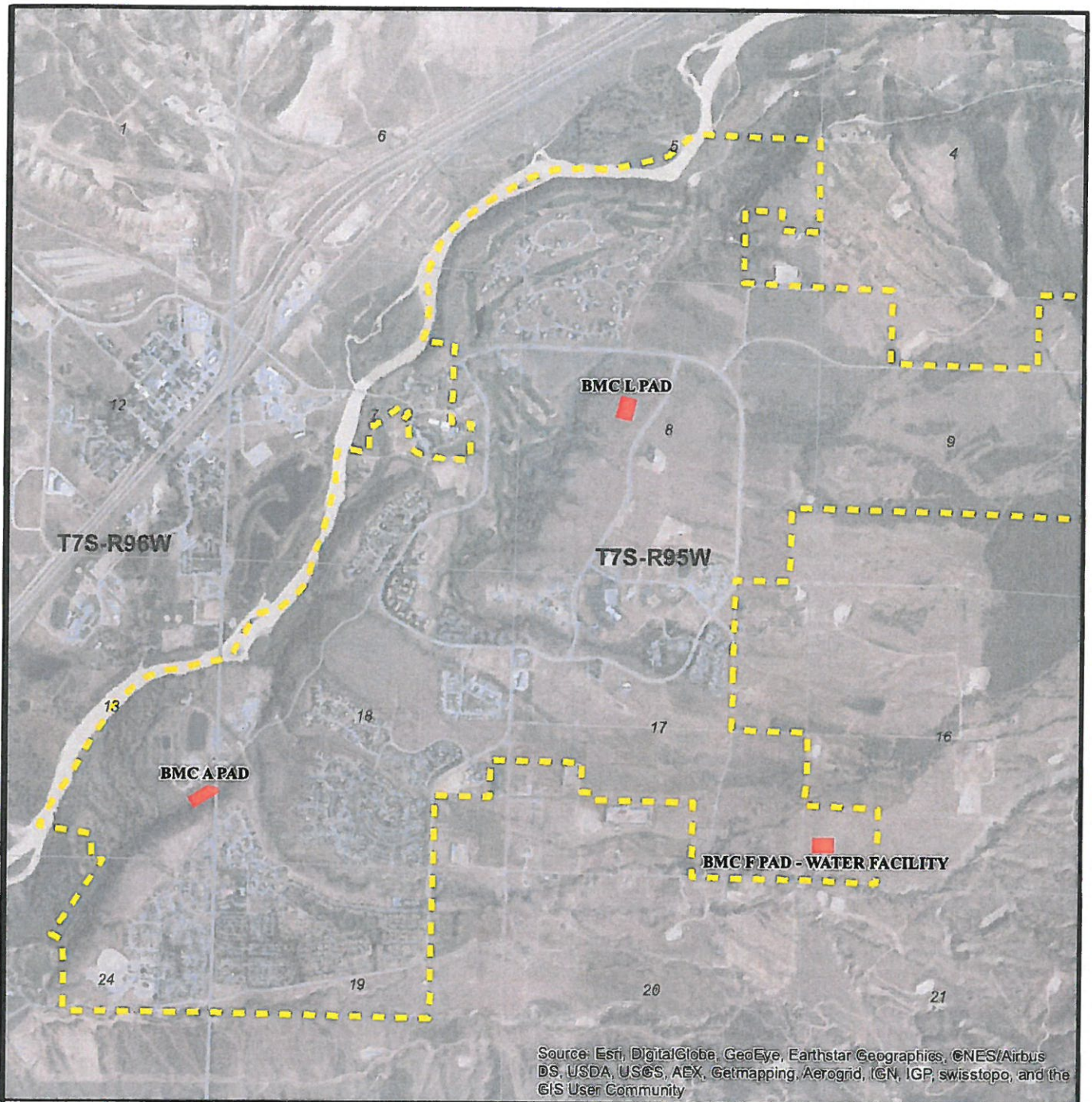
By: 

Title: Field Landman

Battlement Mesa Metropolitan District

By: 

Title: District Manager



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community

Legend

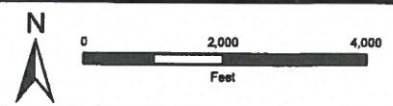
- Proposed BMC Phase II Pad Locations
- - - - Battlement Mesa PUD Boundary



Exhibit A

BMC Phase II Pads

Township 7 South, Ranges 95 - 96 West
Garfield County, Colorado



Author: JL Revision: 0 Date: April 11, 2017

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